

SUCCESS STORY

THE COMPANY

Cetera

WEBSITE

cetera.com

CLIENT TYPE

Third-Party Administrator (TPA)
for Retirement Plans

CONTACT

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Distributions and Loan Specialist
Distributions Department Manager

PenChecks takes care of almost everything during distribution processing, reducing our burden and those of our clients. Saving us abundant time by not having to process distributions and file tax withholding and forms.

PenChecks' seamless process for rolling over accounts during plan terminations makes it faster and easier to force out accounts that prevent the plan from being shut down.

Objective

As a TPA, Cetera manages over 2,500 plans creating a burdensome administrative workload involving distributions processing, filing taxes and withholding. Their goal is to reduce the workload and complexity of plan administration for ongoing and terminating plans – by using the PenChecks Trust **Premier Distributions** to handle the administrative tasks associated with participant distributions.

Company Situation

When working as a TPA, Cetera cannot directly handle funds, file tax forms, or process benefit elections from participants. This makes it difficult to process participant distributions as the burden is often then placed on the plan sponsor. Many Cetera clients can't do the tax reporting and withholdings because their brokerage accounts are with large institutions. In addition, Cetera handles about 10 plan terminations a month. Cetera selected PenChecks to handle these and other administrative processes based on their knowledge, experience, flexibility and efficient distribution technology.

The PenChecks Trust® Solution

In addition to using Premier Distribution Services for their managed plans, Cetera engages many other PenChecks services to handle specific administrative tasks:

- **Express Service:** Used for processing elected distributions.
- **1099-R and Tax Payment Service:** Used for any distribution processed by a party other than PenChecks.
- **Automatic Rollover IRA:** Used to remove participants with balances under \$7,000 from active plans.
- **Participant Search Service:** Provides advanced search services to help locate missing or non-responsive plan participants.

Results

PenChecks turnkey **Premier Distribution** solutions seamlessly handle every step of participant distributions, from processing benefit elections to filing 1099-R forms, greatly reducing Cetera's workload in that area. PenChecks Trust helps their clients lower plan costs by forcing out accounts of \$7,000 or less, thereby reducing the number of participants in the plan and increasing the average account balance.

“We've been using PenChecks' services for about 15 years, it's their exceptional team delivering services other companies can't or won't do that makes the difference.”

When the number of participants falls below 100, clients are no longer subject to being audited. PenChecks is responsible for tax withholding and filing the 1099-R, removing another substantial burden from the Cetera staff.

Taking the Stress Out of Plan Terminations

Plans cannot be fully terminated until all accounts have been distributed. Some participants resist transferring their accounts despite the plan termination. Other participants fail to provide current contact information. PenChecks handles participant distributions in much the same way as an active plan – quickly, efficiently and accurately. PenChecks handles all the steps in the distribution process including conducting advanced searches for missing participants and processing the distributions for those who respond. Non-responsive participants are moved to a Missing Participant IRA per DOL regulations, enabling Cetera to wind down the plans quickly to help the plan sponsor avoid additional costs.



About Us

PenChecks Trust Company of America (PenChecks Trust) is a state-chartered, non-depository trust company and the largest independent provider of outsourced benefit distribution services and Automatic Rollover/Missing Participant IRAs in the country. With 30 years in business, the PenChecks family of companies is an expert and industry-leading provider of unique and comprehensive solutions for a myriad of trust resolution issues. Services include automated and branded solutions for benefit payment processing, uncashed / stale dated checks, Abandoned Plan/QTA services and Voluntary IRAs. Customers include financial institutions, third party administrators, plan advisors, and plan sponsors.

Fast.
Efficient.
Accurate.